

1. A method of buying and selling goods and services among members of a network including financial institutions, comprising:

5 (a) conducting a credit check on prospective participants in the network;

(b) assigning a credit limit of derivatives to each participant which has qualified as a network member;

(c) assigning a required reserve contribution for each member for deposit with its financial institution;

10 (d) determining a working balance of derivatives for each member equal to the sum of available credit from the assigned credit limit and the balance of recorded sales of goods or services made by that member;

15 (e) executing a transfer of goods or services between members of the network including:

(i) transmitting a purchase request from a member buyer to a member seller;

20 (ii) approving the purchase request in the event the amount of the purchase is less than the working balance of derivatives of the member buyer;

(iii) crediting derivatives to the working balance of the member seller equal to the amount of the purchase; and

(iv) debiting derivatives from the working balance of the member buyer equal to the amount of the purchase.

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2. The method of claim 1 in which step (a) includes submitting a credit application to a financial institution within the network, and having said financial institution conduct a credit check of the prospective participant.

3. The method of claim 2 in which step (b) includes having said financial institution assign a credit limit to each member it qualified, said financial institution guaranteeing an amount of derivatives equal to the assigned credit limit of each of said member.

4. The method of claim 1 in which step (c) includes establishing a minimum required reserve contribution for each member dependent on the financial history of said member.

5. The method of claim 4 in which step (c) includes establishing a reserve ceiling contribution for each member which is greater than the minimum required capital contribution.

6. The method of claim 1 in which step (c) includes permitting each financial institution to maintain the collected required reserve contribution in an account of its choice.

7. The method of claim 1 in which step (d) includes maintaining a central processor having a data base containing records of the assigned credit limit, the amount of available credit, the balance of recorded sales, and the financial institution, for each member.

8. The method of claim 7 in which step (d) includes assigning a value to the presently available credit, and to the balance of recorded sales, in terms of derivatives.

9. The method of claim 7 in which step (d) includes recording the amount of sales made by each member and the amount of purchases made by each member .

10. The method of claim 1 in which step (e)(ii) includes transmitting the purchase request to a central processor having a data base containing the amount of available credit and the balance of recorded sales of the buyer member.

11. The method of claim 10 in which step (e)(ii) includes comparing in the data base of the central processor the purchase amount with the sum of the available credit and the balance of recorded sales of the member buyer, and approving the purchase
5 request in the event said sum is greater than the purchase amount.

12. The method of claim 11 in which the step of approving the purchase request comprising issuing a notice of a pending sale to the member buyer and to the member seller involved in the transaction, and delaying finalization of the sale for a selected time
5 period.

13. The method of claim 12 in which the step of approving the purchase request further includes permitting the member buyer and the member seller to provide corrections to the data of the central processor, before the sale is finalized, in the event of an error.

14. The method of claim 1 in which steps (e)(ii) and (e)(iv) further include the financial institution charging the member buyer with a service fee.

15. The method of claim 1 in which step (e) (iii) further includes the financial institution charging the member seller with a service fee.

16. The method of claim 1 in which step (c) further includes transmitting a record of the transfer of goods or services to the member buyer and its financial institution, and to the member seller and its financial institution.

17. A method of buying and selling goods and services among members of a network including financial institutions, comprising:

5 (a) conducting a credit check on prospective participants in the network;

(b) assigning a credit limit of derivatives to each participant which has qualified as a network member;

(c) assigning a required reserve contribution for each member for deposit with its financial institution;

10 (d) determining a working balance of derivatives for each member equal to the sum of available credit from the assigned credit limit and the balance of recorded sales of goods or services made by that member;

15 (e) executing a transfer of goods or services between members of the network including:

(i) transmitting a purchase request from a member buyer to a member seller;

20 (ii) approving the purchase request in the event the amount of the purchase is less than the working balance of derivatives of the member buyer;

(iii) crediting derivatives to the working balance of the member seller equal to the amount of the purchase;

(iv) debiting derivatives from the working balance of the member buyer equal to the amount of the purchase;

(f) periodically auditing the working balance of derivatives of each member.

18. The method of claim 17 in which step (f) includes determining the balance of recorded sales of each member as of a selected date, and requiring a cash payment from each member whose balance of recorded sales is less than zero as of said selected date in an amount equal to the negative balance.

19. The method of claim 17 in which step (f) includes determining the balance of recorded sales of each member, and limiting future transactions of those members whose balance of recorded sales is less than said required reserve contribution to an exchange of derivatives with other members.

20. The method of claim 17 in which step (f) includes determining the balance of recorded sales of each member, and allowing those members whose balance of recorded sales is greater than said required reserve contribution but less than a predetermined ceiling reserve contribution to redeem the amount of

derivatives above said required reserve contribution for cash at a standard discount rate.

21. The method of claim 20 in which step (f) includes determining the balance of recorded sales of each member, and allowing those members whose balance of recorded sales is greater than said ceiling capital contribution to redeem the amount of derivatives above said ceiling reserve contribution for cash at a preferred discount rate.

22. The method of claim 17 in which step (f) includes determining the balance of recorded sales of each member as of a selected date, and preventing those members whose balance of recorded sales is less than zero from executing a transfer of goods or services until such time as the balance of recorded sales is greater than zero.

23. The method of claim 17 in which step (f) includes determining the balance of sales of each member as of a selected date, and requiring those members whose balance of recorded sales is less than zero to execute sales and deposit derivatives in their account so that the balance of recorded sales is zero or greater before such members are permitted to purchase goods or services in the network.